

QUARTERLY REPORT

Quarterly Activities Statement period ending 30 June 2011

About Australian Bauxite Limited: ASX Code ABZ

Australian Bauxite Limited (ABx) holds the core of the newly discovered Eastern Australian Bauxite Province. Its 37 bauxite tenements in Queensland, NSW and Tasmania covering 8,540 km² were rigorously selected on 3 principles:

1. good quality bauxite;
2. proximity to infrastructure connected to export ports; and,
3. free of socio-environmental or native title land constraints.

All tenements are 100% owned and free of obligations for processing and third party royalties. ABx has already discovered many bauxite deposits and new discoveries are still being made as knowledge and expertise grows.

The company's bauxite is high quality and can be processed into alumina at low temperature – the type that is in short supply globally. At the company's first drilling prospect in Inverell, northern NSW, an interim resource of 35 million tonnes¹ has been reported from drilling 15% to 20% of the area prospective for bauxite and a resource of 25 million tonnes² of bauxite has been reported at the Taralga project in southern NSW. Results from the Binjour Plateau in central QLD confirm that ABx has discovered a significant bauxite deposit including some bauxite of outstandingly high quality. Australian Bauxite Limited aspires to identify large bauxite resources in the Eastern Australian Bauxite Province which is emerging as one of the world's best bauxite provinces.

ABx has the potential to create significant bauxite developments in three states - Queensland, New South Wales and Tasmania. Its bauxite deposits are favourably located for direct shipping of bauxite to both local and export customers.

ABx endorses best practices on agricultural land, strives to leave land and environment better than we find it. We only operate where welcomed.

ABx Pic of the Quarter Paripatetic water bottle...



Bhutan: ABx promotional water bottle at Taktsang Palphug Monastery
 Photo: Sean Russo

This quarterly report is dated 27th July 2011 and is for the three months ending 30th June 2011.

PRINCIPAL POINTS

Exploration

- High grade "Brown Sugar" bauxite discovery at Guyra, NSW
- Taralga (NSW) Resource doubles to 25 million tonnes²
- Pre-feasibility base line studies commence on Goulburn project

ABx snapshot

No Shares	100.6 million		
Market Cap (31/03/11)	\$68.91 million		
VWAP (Apr – Jun)	62.35 cents		
Tenements (including 7 applications pending)	NSW	19	4,914 km ²
	QLD	8	1,584 km ²
	TAS	9	1,889 km ²
	VIC	1	153 km ²
	Total	37	8,540 km²

TARALGA, NSW

Taralga bauxite resource doubled to 25 million tonnes

- Pre-feasibility baseline studies initiated for Goulburn Bauxite Project
- 25.3 million tonnes of gibbsite-rich bauxite resources at Taralga, southern NSW
- Resource is based on 577 drill holes drilled into a representative selection of the bauxite targets
- 40% of identified bauxite resources is DSO grade
- Four ore-types identified, predominately quartz-rich gibbsite-rich bauxite similar to bauxite from the Darling Ranges south of Perth, Western Australia
- Drilling of new targets and extensions is continuing at Taralga
- Preliminary processing tests and detailed product assessments are underway
- Drilling approved on nearby tenements in the Goulburn area where bauxite occurs adjacent to the main rail line to the minerals export port at Port Kembla.



GUYRA, QLD

High grade "Brown Sugar" bauxite discovery at Guyra, NSW

- 63 holes intersected high quality thick bauxite at Guyra, Northern NSW
- The discovery of this concealed bauxite layer confirms that the company's exploration knowledge is advancing significantly across all projects
- Exceptionally high quality intercepts show that the Guyra bauxite layer may contain large tonnages of superior quality bauxite suitable for sweetening circuits in refineries
- Guyra lies immediately adjacent to a major rail line and may be a co-development with the company's large Inverell bauxite deposit.
- Resource estimation of a maiden resource at Guyra is now being assessed

New Applications

Guyra Extension and Glencoe, NSW

Applications ELA 4251 and ELA 4252 were lodged on 16 May 2011 covering 296 units (598 sq kms) located 35 kms north of Armidale, NSW. The tenement applications are contiguous to EL 7361.

The geological setting is similar to that of EL 7361 and may contain similar mineralisation to the "Brown Sugar" bauxite discovery at Guyra (EL 7361).

Stannifer, NSW

Application ELA 4312 was lodged on 5 July 2011 covering 98 units (294 sq kms) located 15 kms SSE of Inverell, NSW.

The application area was selected using public domain geophysics along with proprietary interpretation of the structures and features outlined in the geophysics.

Public domain satellite has also been used to delimit the topographic signatures that indicate bauxite occurrences.

Tenement Status

Tenements are 100% in good standing.

CORPORATE

Register snapshot

On 30th June 2011, ABx had 100,592,337 ordinary shares on issue and 10,280,000 options.

Trading summary

During the June quarter the total market trade value was \$2.124 million, with 436 trades (average value per trade was \$4,872). 3.407 million shares were traded – the VWAP for the June quarter was 62.35 cents.

Annual General Meeting

On 27 May 2011, ABx held its Annual General Meeting.

All resolutions put to the meeting were passed on a show of hands.

New South Wales		
ABx1 Pty Ltd	Project	Km ²
EL 6997	Inverell	297
EL 7268	Pindaroi	138
EL 7361	Guyra	300
ELA 4251*	Guyra Extension	288
EL 7596	Merriwa - 1	75
EL 7597	Merriwa - 2	639
EL 7598	Merriwa - 3	558
ELA 4252*	Glencoe	300
ELA 4312*	Stannifer	294
ABx2 Pty Ltd		
EL 7269	Windellama	270
EL 7279	Wingello West	21
ELA 4038*	Wingello Extended	39
EL 7357	Taralga	300
EL 7681	Taralga Extension	300
ELA 4323*	Taralga 2nd Extension	306
EL 7360	Trundle	252
EL 7641	Trundle Extension	228
EL 7601	Bungonia	276
EL 7546	Penrose	33
		4,914
Queensland		
ABx3 Pty Ltd		
EPM 17790	Hampton	336
EPM 17800	Red Hill	144
EPM 17801	Red Hill South	150
EPM 17830	Haden	264
EPM 17831	Hillgrove	267
EPM 18014	Binjour	150
EPM 18772	Binjour Extension	123
EPMA 19169	Tellebang	150
		1,584
Tasmania		
ABx4 Pty Ltd		
EL 4/2010	Evandale	197
EL 5/2010	Powranna	234
EL 6/2010	Cleveland	209
EL 7/2010	Conara	238
EL 8/2010	Cranbrook	220
EL 9/2010	Deloraine	224
EL 14/ 2010	Myalla	80
EL 37/2010*	Westbury	237
Not allocated*	Sassafras	250
		1,889
Victoria		
ABx5 Pty Ltd		
EL 5279	Rokeby	153
		153
		8,540
* Application pending		

EXPLORATION

Exploration during the June quarter was focused on identifying extensions to identified targets and declared resources. The Goulburn cluster of tenements was upgraded to "project" status and a prefeasibility baseline study has commenced. First pass drilling was undertaken at Guyra, NSW (EL 7361), with exceptional results.

TARALGA, NSW (EL 7357 and EL 7681)

To clarify the marketability of the bauxite types found in the Taralga-Goulburn-Crookwell area in southern NSW, detailed drilling was conducted at spacings of approximately 100 metres in areas containing easily mined bauxite zones of Direct Shipping Ore (DSO) grades because Taralga is located near a major railway line leading directly to Port Kembla export terminal (see Figures 2 & 3).

Two main bauxite types are recognised at Taralga as shown in Figure 1, namely:

1. Gibbsite rich, low silica bauxite that will be the main component of direct shipping ore (DSO);
2. Pisolitic, dehydrated hardcap bauxite, often forming a surface hardcap layer 2 metres thick .

Each bauxite type can have quartz-rich zones where quartz grains have mixed with the bauxite.

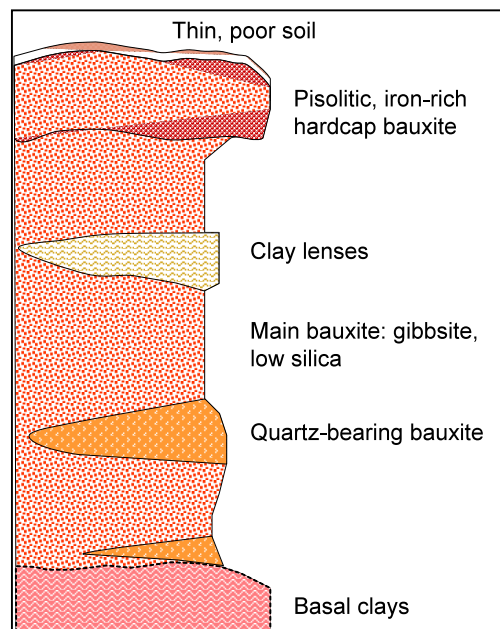
Figure 1: Taralga Bauxite Types

Bauxite types at Taralga – schematic section.

Main bauxite is gibbsite-rich, low silica bauxite.

Surface layer is commonly a 2 metre layer of pisolitic, iron rich bauxite that can be cemented into a hardcap layer.

Each bauxite type can have quartz-rich zones where quartz grains have mixed with the bauxite.



Resources at Taralga based on drilling to date can be summarised as follows:

1. 10 Million Tonnes of DSO Bauxite

Main DSO Gibbsite Ore			Sieved at 0.26mm									Yield
Resource category	Tonnes millions	Thickness	Al ₂ O ₃ avl %	Rx SiO ₂ %	Avl/Sx Ratio	Al ₂ O ₃ %	SiO ₂ %	A/S Ratio	Fe ₂ O ₃ %	TiO ₂ %	LOI %	
Inferred	3.5	4.3 m	34.1	2.3	14.7	39.8	4.3	9.2	28.6	4.1	22.2	53%
Indicated	6.5	4.3 m	35.4	2.2	16.0	40.9	4.3	9.4	27.1	4.1	22.8	55%
TOTAL	10.1	4.3 m	35.0	2.3	15.5	40.5	4.3	9.4	27.6	4.1	22.6	54%

Cut-off grades applied: 30% Al₂O₃ & 2m thickness. Leach conditions to measure available Al₂O₃avl & reactive Rx SiO₂ is 1g leached in 10ml of 90gpl NaOH at 143 degrees C for 30 mins. "Avl/Srx" ratio is (Al₂O₃ avl)/(Rx SiO₂). Values above 10 are excellent. "A/S" ratio is Al₂O₃/SiO₂ but at Taralga, total SiO₂ includes quartz in some bauxite zones. Quartz is unreactive SiO₂. Tonnage is for bauxite in-situ. Yield is for screening at 0.26mm. If a different beneficiation method is used, yield will be different. Tonnages requiring no upgrade will have 100% yield.

This DSO gibbsite ore is considered to be the main type of bauxite in the Goulburn-Taralga-Crookwell district.

2. 10 million Tonnes of Pisolite Ore

In many locations, there is a 2 metre thick surface layer of “Pisolite Ore” above the main gibbsite bauxite. This is pisolitic (rounded gravels), iron-enriched, dehydrated bauxite which is cemented into a hardcap layer in places.

Pisolite Ore (dehydrated)			Sieved at 0.26mm									Yield %
Resource category	Tonnes millions	Thick-ness	Al ₂ O ₃ avl %	Rx SiO ₂ %	Avl/Sx Ratio	Al ₂ O ₃ %	SiO ₂ %	A/S Ratio	Fe ₂ O ₃ %	TiO ₂ %	LOI %	
Inferred	3.7	3.3 m	20.8	1.6	13.0	36.1	4.5	8.1	43.0	3.4	12.2	73%
Indicated	6.4	3.5 m	20.5	1.4	15.1	35.8	4.6	7.7	42.8	3.7	12.2	66%
TOTAL	10.1	3.4 m	20.6	1.5	14.2	36.0	4.6	7.9	42.9	3.6	12.2	69%

Cut-off grades applied: 30% Al₂O₃ & 2m thickness. Leach conditions to measure available Al₂O₃avl & reactive Rx SiO₂ is 1g leached in 10ml of 90gpl NaOH at 143 degrees C for 30 mins. "Avl/Srx" ratio is (Al₂O₃ avl)/(Rx SiO₂). Values above 10 are excellent. "A/S" ratio is Al₂O₃/SiO₂ but at TaraLga, total SiO₂ includes quartz in some bauxite zones. Quartz is unreactive SiO₂. Tonnage is for bauxite in-situ. Yield is for screening at 0.26mm. If a different beneficiation method is used, yield will be different. Tonnages requiring no upgrade will have 100% yield.

Note that this material has elevated levels of iron (Fe₂O₃) and low loss-on-ignition (LOI) which indicates dehydration. Note also that 15% of the alumina (Al₂O₃) does not report as available Al₂O₃ at the leach temperatures used here. At moderately higher leach temperatures, it is expected that more of the total alumina would report as being available Al₂O₃. This will be tested as part of metallurgical testwork scheduled for June-July.

3. 5 million Tonnes of Quartz-Bearing Bauxite

At depth and laterally, both major bauxite types can become quartz-bearing bauxite in the form of sand grains and small layers of quartz-rich gravels mixed with bauxite. In places, this material is peripheral to the main deposits.

The major bauxite deposits in the Darling Ranges bauxite-alumina projects south of Perth, Western Australia are quartz-bearing and there are many similarities between the bauxites of the Eastern Australian Bauxite Province and the WA Darling Ranges bauxites.

Quartz is an inert, non-reactive form of silica (SiO₂) which does not affect the processing of the bauxite into alumina and aluminium. However, it does dilute the grades of the bauxite as shown by the following tables.

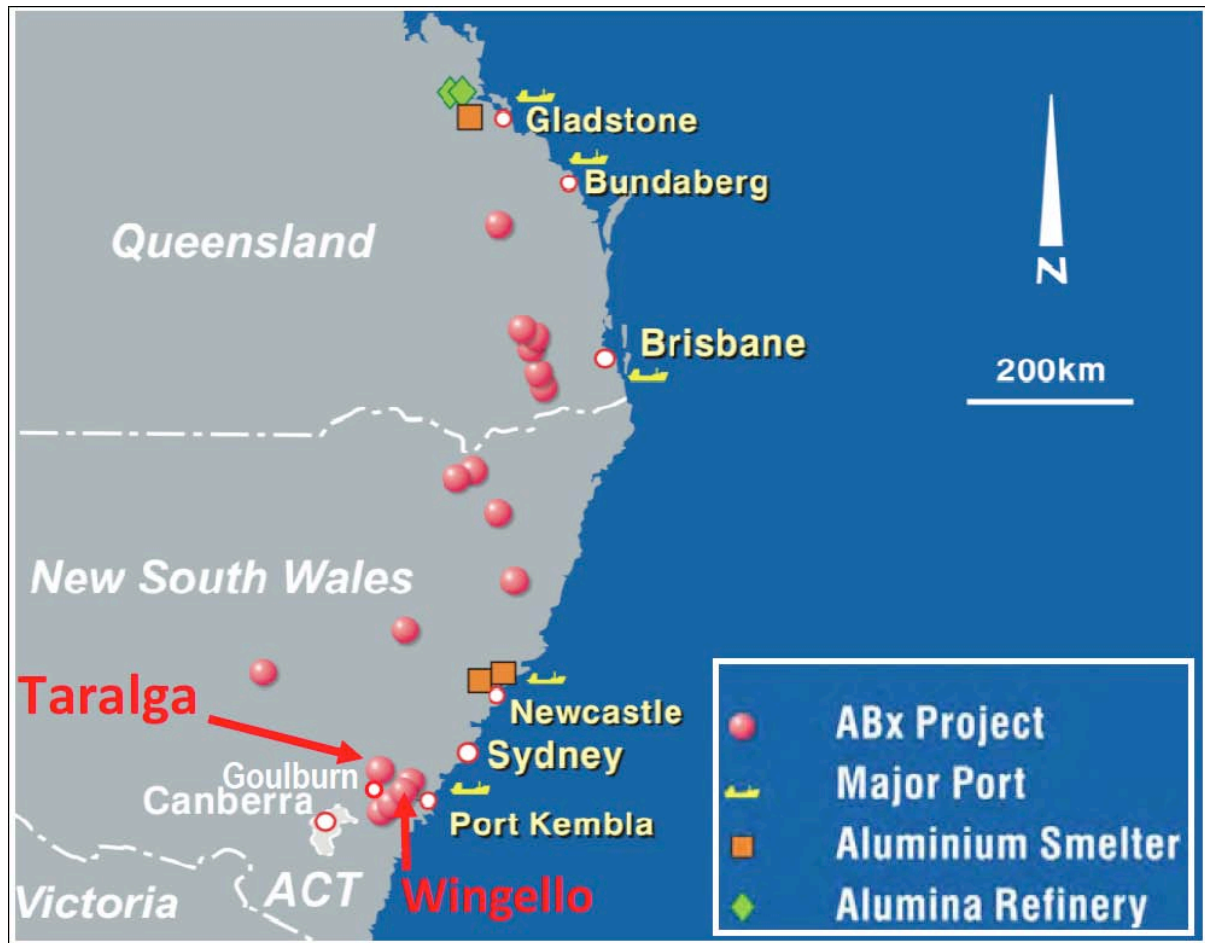
Quartz-Bearing Gibbsite Ore			Sieved at 0.26mm									Yield %
Resource category	Tonnes millions	Thick-ness	Al ₂ O ₃ avl %	Rx SiO ₂ %	Avl/Sx Ratio	Al ₂ O ₃ %	SiO ₂ %	A/S Ratio	Fe ₂ O ₃ %	TiO ₂ %	LOI %	
Inferred	1.7	2.8 m	30.4	2.2	14.0	36.4	20.0	1.8	20.2	3.9	18.8	54%
Indicated	0.5	2.2 m	32.3	1.9	16.8	38.2	20.0	1.9	17.9	3.5	19.8	55%
TOTAL	2.2	2.7 m	30.8	2.1	14.5	36.8	20.0	1.8	19.7	3.8	19.0	54%

Qtz-Bearing Pisolite Ore			Sieved at 0.26mm									Yield %
Resource category	Tonnes millions	Thick-ness	Al ₂ O ₃ avl %	Rx SiO ₂ %	Avl/Sx Ratio	Al ₂ O ₃ %	SiO ₂ %	A/S Ratio	Fe ₂ O ₃ %	TiO ₂ %	LOI %	
Inferred	2.1	3.4 m	20.0	2.4	8.4	32.8	19.7	1.7	31.5	2.9	12.3	57%
Indicated	0.9	3.4 m	19.6	3.1	6.4	33.1	18.5	1.8	31.3	3.3	12.8	62%
TOTAL	3.0	3.4 m	19.8	2.6	7.6	32.9	19.3	1.7	31.4	3.1	12.5	59%

Cut-off grades applied: 30% Al₂O₃ & 2m thickness. Leach conditions to measure available Al₂O₃avl & reactive Rx SiO₂ is 1g leached in 10ml of 90gpl NaOH at 143 degrees C for 30 mins. "Avl/Srx" ratio is (Al₂O₃ avl)/(Rx SiO₂). Values above 10 are excellent. "A/S" ratio is Al₂O₃/SiO₂ but at TaraLga, total SiO₂ includes quartz in some bauxite zones. Quartz is unreactive SiO₂. Tonnage is for bauxite in-situ. Yield is for screening at 0.26mm. If a different beneficiation method is used, yield will be different. Tonnages requiring no upgrade will have 100% yield.

Note that total silica (SiO₂) is approximately 20% in these bauxites, but only 1.9% to 3.1% is reactive silica (Rx SiO₂ in the above tables).

Figure 2: Taralga Project Location & Other Tenements in the Goulburn Bauxite Project



RESOURCE ESTIMATE METHOD

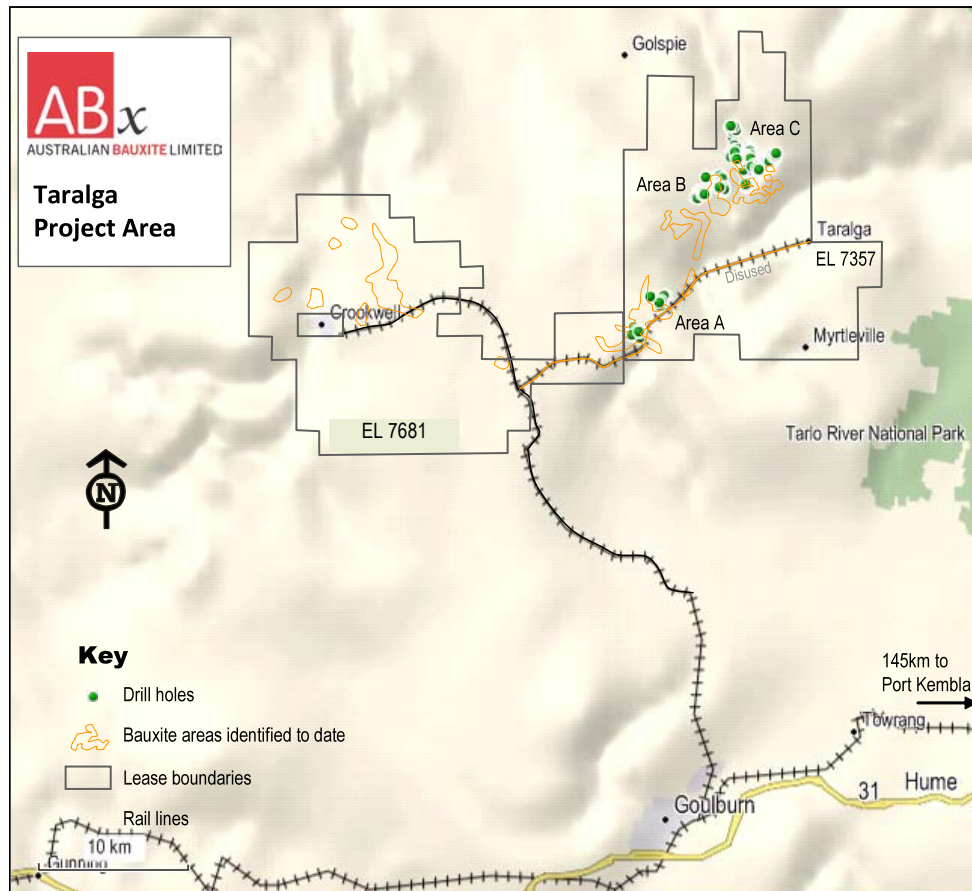
Drilling on a random pattern governed by site availability was done predominantly in the northeastern parts of EL 7357 (Areas B & C in Figures 2 & 3) where bauxite plateaus were obvious and some in the southwestern parts of EL 7357 where unexpectedly thick, good quality bauxite was discovered (Area A in Figure 2) in late 2010.

During August 2010, 98 holes were drilled totalling 710 metres and during September-October 2010, a further 112 holes were drilled totalling 985 metres. Infill drilling done during the first Quarter of 2011 brought the total drilling at Taralga to 577 drillholes totalling 4,575 metres drilled.

Drill samples were collected at 1 metre intervals from the aircore drillholes and analysed at ALS Laboratories in Brisbane including trihydrate (THA) available alumina ($\text{Avl Al}_2\text{O}_3$) and reactive silica ($\text{SiO}_2 \text{ Rx}$) measurements. Leach conditions to measure available $\text{Avl Al}_2\text{O}_3$ and reactive $\text{SiO}_2 \text{ Rx}$ were 1g leached in 10ml of 90gpl NaOH at 143 degrees C for 30 minutes

Estimation of grades and thicknesses was done by an inverse distance squared modelling method using maximum extrapolations of 100 metres for Indicated Resources category and 150 metres for Inferred Resources. Bauxite density was conservatively assumed at 1.8 dry tonnes per cubic metre in-situ.

Figure 3: Taralga Project Location



Taralga Tenements, Bauxite Areas, Drillhole Locations & Infrastructure

Drilling commenced in Areas B & C because of obvious bauxite plateaus.

Unexpectedly good bauxite (some with non-reactive quartz) was discovered in Area A in late 2010.

Western area EL 7681 covers possible extensions.

The Taralga and Crookwell rail lines are disused.

Goulburn-Port Kembla rail is heavy duty

GUYRA, NSW (EL 7361)

During the June quarter drilling commenced at EL 7361.

63 holes intersected a thick layer of bauxite located beneath a thin clay horizon, including some exceptionally high grade, thick gibbsite bauxite, ideal as a “sweetener” to any bauxite refinery.

Table 1: Summary of 63 Drillhole Intercepts at Guyra, Northern NSW

Hole No	From m	To m	Length m	Yield % wt	Al ₂ O ₃ avl %	Rx SiO ₂ %	Avl/Rx ratio	Al ₂ O ₃ %	SiO ₂ %	A/S ratio	Fe ₂ O ₃ %	TiO ₂ %	LOI %
Average all holes	4.6	9.4	4.8	59%	36.6	2.2	16.5	42.7	2.8	15.3	24.7	3.7	24.0
Strip ratio (waste/ore)				1.0									
Best 25 holes	4.2	11.0	6.6	59%	38.2	1.9	19.8	43.5	2.5	17.6	24.5	3.9	24.3
Strip ratio (waste/ore)				0.6									

Leach conditions to measure available Al₂O₃avl & reactive Rx SiO₂ is 1g leached in 10ml of 90gpl NaOH at 143 degrees C for 30 mins. "Avl/Srx" ratio is (Al₂O₃avl)/(Rx SiO₂). Values above 10 are excellent. "A/S" ratio is Al₂O₃/SiO₂. Yield is for screening at 0.26mm. If a different beneficiation method is used, yield will be different. Tonnages requiring no upgrade will have 100% yield.



Logistical Setting

The best part of the bauxite discovered to date at Guyra is it is immediately adjacent the standard gauge rail line connecting Guyra to Armidale, Werris Creek and thence to the heavy-duty rail to Newcastle minerals export port. Operations of the Guyra-Armidale rail has recently been suspended but the rail line is still in good condition, having recently been used for transportation of logging products.

Wingello, NSW (EL 7279)

Drilling commenced at Wingello (NSW) with 33 holes for 243 meters. Drilling located up to 5 metres of bauxite. Further exploration will focus on ground traversing in preparation for a further drilling program.

FURTHER INFORMATION

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QUALIFYING STATEMENTS

The information in this report that relate to exploration programmes are based on information compiled by Jacob Rebek who is a member of Australian Institute of Mining and Metallurgy. Mr. Rebek is a qualified geologist and is a director of Australian Bauxite Limited.

Mr. Rebek has sufficient experience, which is relevant to the style of mineralization and type of deposit under consideration and to the activity, which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the Australasian Code for Reporting of exploration Results, Mineral Resources and Ore Resources. Mr. Rebek consents to the inclusion in the report of the matters based on information in the form and context in which it appears.

Exploration Target Statement

ABx has an exploration target of 200 to 300 million tonnes of bauxite (40-50 million tonnes is the exploration target for the Goulburn Bauxite Project area), based on the Mineral Resources totalling 36 million tonnes of bauxite from 196 drill-holes drilled across an area that is less than 15% of the known bauxite deposits on a single Exploration Lease EL 6997 at Inverell in northern NSW. Furthermore, Mineral Resources totalling 25 million tonnes of bauxite have been estimated from 577 drillholes that have tested approximately 60% of the known bauxite deposits at Taralga on EL 7357.

In accordance with the JORC Code, readers are advised that with regards this exploration target of 200 to 300 million tonnes, "the potential quality and grade is conceptual in nature, that there has been insufficient exploration to define full Mineral Resources and that it is uncertain if further exploration will result in the determination of a Mineral Resource". Inverell tenement EL 6997 was the first of 30 tenements to be drilled and has since discovered sizeable, good quality bauxite occurrences on several other tenements.

Direct Shipping Ore

In this report all references to direct shipping ore (**DSO**) refers to the company's exploration objective of defining DSO grade mineralisation.

JORC Code Compliant Public Reports

The Company advises that this presentation contains summaries of Exploration Results and Mineral Resources as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' ("JORC Code").

The following table references the location of the Code-compliant Public Reports or Public Reporting on which the summaries are based. These references can be viewed on the ASX website and the Company will provide these reports, free of charge, to any person who requests it.

Reference	Issue Date	Title of Notice as lodged with ASX
1	02/09/2010	Inverell JORC Resource Update
2	12/05/2011	Taralga Bauxite Resource Doubled to 25 Million Tonnes
3	28/06/2011	Drilling Update - Guyra discovery



Project Tenements and Major Infrastructure – June 2011